Atty. Dkt. No. 037607-0120

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Applicant: Williams et al.

Title: ONLINE MORTGAGE QUALIFICATION AND APPLICATION SYSTEM AND PROCESS

Appl. No.: 09/593,106

Filing Date: 06/13/2000

Examiner: Subramanian, N.

Art Unit: 3624

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This Reply Brief is being filed under the provisions of 37 C.F.R. § 41.41(a)(1) responsive to the Examiner's Answer mailed December 19, 2005.

I. ARGUMENT

Section (9) of the Examiner's Answer is based on the Office Action mailed January 20, 2004. These arguments are addressed in Appellant's Appeal Brief.

Section (10) of the Examiner's Answer raises additional arguments which are addressed below.

A. Claims 1, 2, 4-8, 10-14, 16, 23, 25, 26, 28, 29, 31-33, 35-39, 41, 53-58

As argued in the Appeal Brief, with regard to all pending claims, Walker does not teach or suggest identifying a plurality of approved mortgage products and providing approval status and **customized interest rate information** for each of the **plurality** of **approved mortgage products** for **borrower comparison and selection** of one of the approved mortgage products. (*See*, claim 1, lines 5 and 11-13, claim 11, lines 5 and 11-13, claim 23, lines 5 and 15-17, claim 26, lines 5 and 15-17, claim 28, lines 5 and 11-13, and claim 36, lines 4 and 13-15.)

Thus, the claims require the combination of at least four features: (1) information regarding a plurality of mortgage products must be provided, (2) the mortgage products must be approved mortgage products, (3) the information that is provided must include customized interest rate information, and (4) the information must be provided for borrower comparison and selection of one of the approved mortgage products. Sections (A)(1)-(A)(4), respectively, below, respond to the Examiner's arguments relative to these features as set forth in Section (10) of the Examiner's Answer.

1. Walker et al. does not Teach or Suggest Providing Approval Status and Customized Interest Rate Information for each of a "Plurality of Approved Mortgage Products" for Borrower Comparison and Selection

Walker et al. does not teach or suggest providing approval status and customized interest rate information for each of a "**plurality of . . . mortgage products**" for borrower comparison and selection.

In connection with this feature, the Examiner argues as follows:

> Walker was not relied upon to teach this step as discussed in the rejection above. Official notice was taken to fill this void because Walker does not explicitly teach mortgages. Walker instead teaches identifying loans and credit products in general (see Walker Column 6 lines 25-38). Since Walker and the official notice **are in the same field of endeavor** it would have been obvious to combine the two.

Examiner's Answer, Section (10) (top of page 10) (emphasis added).

The Appellant respectfully submits that the Examiner is using hindsight analysis to arrive at the claimed invention. The Examiner argues that it would have been obvious to combine the Official Notice (that home mortgage loans are known) and Walker because they "are in the same field of endeavor." However, the Examiner's reasoning appears to confuse the issue of whether a particular reference is available as prior art under 35 U.S.C. § 103 with the issue of whether there is a suggestion in the prior art to combine the references. With regard to the former, "[i]n order to rely on a reference as a basis for rejection of an applicant's invention, the reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned." In re Oetiker, 977 F.2d 1443, 1446, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992). However, the mere fact that two references are in the same field of endeavor is not itself a motivation to combine the two references. *See*, In re Mills, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990) (the mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination). Appellant respectfully submits that there is no teaching or suggest in Walker et al. to provide approval status and customized interest rate information for each of a "**plurality of . . . mortgage products**" for borrower comparison and selection.

2. Walker et al. does not Teach or Suggest Providing Approval Status and Customized Interest Rate Information for each of a Plurality of "Approved" Mortgage Products for Borrower Comparison and Selection

Walker et al. does not teach or suggest providing approval status and customized interest rate information for each of a plurality of "**approved**" mortgage products for borrower comparison and selection. The claims further define what is meant by "approved"

by reciting "the plurality of approved mortgage products being identified using an automated underwriting engine that generates underwriting recommendations based at least in part on preselected underwriting guidelines of a secondary mortgage market purchaser." (*See*, claim 1, lines 6-8, claim 11, lines 6-8, claim 23, lines 6-8, claim 26, lines 6-8, claim 28, lines 6-8, and claim 36, lines 5-7.) Thus, the mortgage products are identified as being "approved" based on the underwriting guidelines of a secondary mortgage market purchaser.

In connection with this feature, the Examiner argues as follows:

> In this case, the motivation to combine is that at least some lenders of mortgage loans and mortgage refinance loans would have benefited from the increased likelihood of selling the loan to a secondary mortgage market purchaser and generating funds to make new or additional loans.

Examiner's Answer, Section (10) (bottom of page 9).

Initially, Appellant notes that use of underwriting guidelines of a secondary mortgage market purchaser presupposes that the credit product is a mortgage product. However, as discussed above, the Examiner states that "Walker does not explicitly teach mortgages" (Examiner's Answer, top of page 10).

Assuming *arguendo* that a person of ordinary skill would have been motivated to further modify Walker in the manner proposed by the Examiner with regard to the secondary mortgage market purchaser, all of the limitations set forth in the claims would still not have been met. In the claims, the timing of the approval is one of the distinguishing features: The mortgage products are already "approved" when they are presented to the borrower for comparison and selection. In Walker et al., once an applicant selects to accept a credit qualified offer for an additional credit product, the credit qualified offer is converted into a request for credit that still requires further on-line credit processing for a final decision. *See*, Walker et al., Figure 51 (block 2256), col. 13, line 65 to col. 14, line 4. Accordingly, Appellant submits that, in Walker, secondary market underwriting would have been performed as part of the "on-line credit processing for a final decision," i.e., <u>after</u> the borrower has selected to accept the credit qualified offer. *See*, Walker, Figure 51 (block

2256), col. 13, line 65 to col. 14, line 4. Thus, the credit products would not have been "approved" credit products at the time of presentation to the borrower for comparison and selection. There does not appear to be any teaching or suggestion in Walker to perform the on-line processing for the final decision before the applicant selects the credit qualified offer. Accordingly, Walker et al. does not teach or suggest providing approval status and customized interest rate information for each of a plurality of "**approved**" mortgage products for borrower comparison and selection.

3. Walker et al. does not Teach or Suggest Providing Approval Status and "Customized Interest Rate" Information for each of a Plurality of Approved Mortgage Products for Borrower Comparison and Selection

Walker et al. does not teach or suggest providing approval status and **customized interest rate information** for each of a plurality of approved mortgage products for borrower comparison and selection. The claims further define what is meant by "customized interest rate" by reciting that the customized interest rate is calculated based on financial information concerning a borrower. (*See*, claim 1, lines 4 and 9-10, claim 11, lines 4 and 9-10, claim 23, lines 4 and 10-11, claim 26, lines 4 and 9-10, claim 28, lines 3 and 9-10, and claim 36, lines 3 and 8-9.) (*See also*, claims 26 and 36, further reciting that the customized interest rate is calculated based on the credit risk posed by the borrower, the loan-to-value ratio, and the loan purpose.)

In connection with this feature, the Examiner argues as follows:

> Walker teaches the steps of recommending to applicants specific products with pre-determined credit qualified offer amounts (See Walker Column 2 lines 40-43).... The specific products are based on the information provided by the applicants and hence the pricing of these products is customized for the applicant (See Walker Column 2 lines 2-13).

Examiner's Answer, Section (10) (middle of page 10).

Applicant respectfully submits that the Examiner's argument is a *non sequitur*. The mere fact that product A has been recommended to the applicant based on financial information provided by the applicant **does not** mean that the interest rate has been

customized for the applicant. Hypothetically, if a credit product is being recommended to a qualified applicant at a 5.25% interest rate, it may be the case that the credit product is being recommended to all other qualified applicants at the same 5.25% interest rate. The financial information may be used to determine whether all applicants qualify for the credit product but, once an applicant qualifies, every applicant receives the same 5.25 % interest rate. There is no customization of the interest rate.

The Examiner cites Walker in support of his position. The passage cited by the Examiner states as follows:

> The present invention solves this problem by providing a user-friendly on-line computerized system that streamlines the processing of applications for products and services offered by a financial institution, that automates many steps in the review and approval process, that performs background credit worthiness comparisons based upon an applicant's credit score, financial information and new or existing relationship with the financial institution, if any, that recommends to those applicants who exceed the initial criteria for credit consideration specific credit products with predetermined credit qualified offer amounts, and that ensures the required operating (credit/liability) policies are appropriately completed.

(Walker, col. 2, lines 2-13.) However, this passage merely teaches the general concept of using financial information to evaluate the credit worthiness of a credit applicant and recommending credit products to applicants who exceed initial criteria. There is no teaching or suggestion of using the applicant's financial information to calculate a customized interest rate for the applicant.

4. Walker et al. does not Teach or Suggest Providing Approval Status and Customized Interest Rate Information for each of a Plurality of Approved Mortgage Products for "Borrower Comparison and Selection" of one of the Approved Mortgage Products

Walker et al. does not teach or suggest providing approval status and customized interest rate information for each of a plurality of approved mortgage products for "**borrower comparison and selection**" of one of the approved mortgage products.

In connection with this feature, the Examiner argues as follows:

> Borrower comparison and selection is inherent in the disclosure of Walker.

Examiner's Answer, Section (10) (bottom of page 10).

Applicant respectfully submits that "borrower comparison and selection" of one of multiple approved mortgage products is not inherent in Walker. Although Walker discusses identifying other credit products for which the applicant may be eligible (a "credit qualified offer") based on the credit worthiness of the applicant, the other credit products are identified only as potential cross-sell candidates (i.e., other/additional products the applicant may wish to obtain in addition to the originally requested liability or credit product). *See*, Walker, col. 2, lines 10-13 and lines 26-34 and col. 11, lines 45-53. The concept of presenting the borrower with multiple approved mortgage products to compare, and selection of one of the approved mortgage products by the borrower, is not taught or suggested by Walker. Although the Examiner relies on principles of inherency, the Examiner has not provided a basis in fact and/or technical reasoning to reasonably support his position that comparison of multiple approved mortgage products and selection of one of the approved mortgage products necessarily flows from the teachings of Walker. *See* Ex parte Levy, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990) ("In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art.") (emphasis in original).

In connection with this feature, the Examiner also argues as follows:

> Appellants arguments that the identified credit products are cross sell products is irrelevant because the motivation for offering the credit products need not be the same as what is described in the specification.

Examiner's Answer, Section (10) (bottom of page 10). However, "borrower comparison and selection" is a claim limitation. Appellant is not arguing about motivation to combine, as the Examiner appears to indicate, but rather about whether the "borrower comparison and

selection" claim limitation is inherent in Walker. For the reasons outlined above, Appellant respectfully submits that it is not.

Finally, Appellant further notes that, in determining the differences between the prior art and the claims, the question under 35 U.S.C. 103 is not whether the differences themselves would have been obvious, but whether the claimed invention as a whole would have been obvious. Schenck v. Nortron Corp., 713 F.2d 782, 218 USPQ 698 (Fed. Cir. 1983); MPEP 2142.01 (8th Ed. including October 2005 revisions). Here, Walker et al. does not teach or suggest various features individually as discussed above. Further, Walker et al. does not teach or suggest the invention as a whole. That is, Walker et al does not teach or suggest, as a whole, the combination of features set forth in the claims, including identifying a plurality of approved mortgage products and providing approval status and customized interest rate information for each of the plurality of approved mortgage products for borrower comparison and selection of one of the approved mortgage products. *See* Litton Indus. Prod., Inc. v. Solid State Sys., Corp., 755 F.2d 158, 164, 225 USPQ 34, 38 (Fed. Cir. 1985) (finding of invalidity vacated where the references failed not only "to suggest to one of ordinary skill in the art modifications needed to meet all the claim limitations" but also "to expressly disclose the claimed invention as a whole".).

B. Claims 2, 11-14, 16, 26, 29, 36-39, 41 and 55-58

The rejection of claims 2, 11-14, 16, 26, 29, 36-39, 41 and 55-58 should be reversed for the reasons discussed above in Section I(A) with regard to all pending claims.

Additionally, the rejection of claims 2, 11-14, 16, 26, 29, 36-39, 41 and 55-58 should be reversed because these claims each recite the additional feature of receiving an on-line operator lock of the customized interest rate for the selected mortgage product. Thus, in addition to being able to compare and select from multiple approved mortgage products having interest rates customized based on the borrower's financial information, the borrower is also able to perform an on-line rate lock of the selected mortgage product with its customized interest rate.

In connection with this feature, the Examiner argues as follows:

> Regarding the arguments that neither Walker nor Dykstra teach the limitation of "receiving an on-line operator lock of the customized interest rate for the selected mortgage product," the examiner respectfully disagrees. Dykstra clearly indicates in column 7 lines 47-50 verification of the loan approval by the lender which implies lock of the customized interest rate for the selected credit product. Also in mortgage lending, providing a lock of the customized interest rate is old and well known. This allows the buyer of a home to go through the other formalities associated with the purchase of a residence without worrying about the changes in the interest rate in the interim.

Examiner's Answer, Section (10) (top of page 11). In the above argument, the Examiner cites Dykstra, which states as follows:

> From there, the potential borrower can take his or her copy of the verification of the loan approval to the lender, sign the papers, and obtain the loan money....

(Dykstra, column 7 lines 47-50.)

In Dykstra, the operation of the system shown Figures 1 and 2A-2F stops at loan approval. Although the potential borrower ultimately obtains a loan, there does not appear to be any "locking" of an interest rate for a period of time prior to loan closing. Rather, it appears the borrower merely takes his or her papers to a lender, signs the papers, and obtains the loan money, without any intervening lock period. In any event, there is no teaching or suggestion of receiving an on-line operator lock of a customized interest rate for the mortgage loan.

The Examiner also mentions that rate locking is known in the context of mortgage lending. However, as discussed above, the Examiner also states that "Walker does not explicitly teach mortgages" (Examiner's Answer, top of page 10). Accordingly, for at least the reasons discussed above, Appellant respectfully submits that the Examiner is using hindsight analysis in modifying Walker to arrive at the claimed invention. Appellant respectfully submits that there is no teaching or suggestion in the art to modify Walker to create a system in which a borrower is provided with the ability to compare and select from multiple approved mortgage products having interest rates customized based on the

borrower's financial information, and perform an on-line rate lock of the selected mortgage product with its customized interest rate.

II. CONCLUSION

In view of the foregoing, the Appellant submits that claims 1, 4-8, 10, 28, 31-33, 35, 53 and 54 are not properly rejected under 35 U.S.C. § 103(a) over U.S. Patent No. 6,088,686 (Walker) and are therefore patentable. The Appellant also submits that claims 2, 11-14, 16, 23, 25, 26, 29, 36-39, 41 and 55-58 are not properly rejected under 35 U.S.C. § 103(a) over U.S. Patent No. 6,088,686 (Walker.) in view of U.S. Patent No. 6,029,149 (Dykstra) and are therefore patentable. Accordingly, the Appellant respectfully requests that the Board reverse all claim rejections and indicate that a notice of allowance respecting all pending claims should be reissued.

The Commissioner is hereby authorized to charge any additional fees which may be required regarding this application under 37 C.F.R. §§ 1.16-1.17, or credit any overpayment, to Deposit Account No. 06-1447.

Respectfully submitted,

Date Feb 21, 2006 By _____

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